



LEGISLATIVE FINANCE COMMITTEE

59TH Montana Legislature

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TO: Legislative Finance Committee

FROM: Senator Liabe
Representative Buzzas

DATE: October 3, 2006

RE: Montana State Hospital Bulldog Report

INTRODUCTION

The average daily population (ADP) of Montana State Hospital (MSH) populations has been consistently in excess of the appropriated level (175) and for an extended time populations have exceeded the licensed capacity of the hospital (189). The Legislative Finance Committee (LFC) has tracked MSH population and expenditure levels due to the higher than budgeted population levels.

This memorandum provides an update to the LFC and discusses the following issues:

- Recent Montana State Hospital (MSH) population trends
- The Home and Community Based Services (HCBS) waiver for adults with a serious and disabling mental illness

RECENT POPULATION TRENDS

During part of FY 2006, MSH populations consistently topped 200, rising up to 215. Although MSH population levels had started to recede at the time of the last LFC meeting, the FY 2006 ADP was 199 compared to 189 in FY 2004. Populations over the last two months have been lower than the FY 2006 average, ranging in the high 170's in mid August but rising back to the low 190's most recently.

While it is difficult to determine the direct causes of MSH population fluctuations, Department of Public Health and Human Services (DPHHS) made some management changes that could attribute to the ADP reductions. First, as the LFC knows, DPHHS added 36.60 modified FTE, all of which have been filled. However, because of ongoing recruitment and retention issues, common to all health care providers, some positions may be vacant due to turn over.¹ Second, MSH has implemented a new system to direct a person's treatment "path". Previously all people were initially placed in admitting ward, where they received an assessment and recommendation for placement. Under the old system, a person would have transferred from the admitting ward, to a treatment ward and then may have transferred again to another ward. Now people are admitted directly to a treatment pathway, which reduces the number of internal

¹ Joyce, DeCunzo, Administrator, Addictive and Mental Disorders Division, DPHHS, personal conversation with Lois Steinbeck, Senior Fiscal Analyst, Legislative Fiscal Division, September 28, 2006.

patient transfers and eliminates the destabilizing factor of multiple transfers.² Appendix lists the five treatment pathways and the focus of treatment for each pathway.

HCBS WAIVER

DPHHS submitted a HCBS waiver for federal review September 18. If approved, the waiver would allow DPHHS to provide community services³ to persons with a serious and disabling mental illness who are Medicaid eligible and meet nursing home level of care. The waiver must be cost neutral, meaning that it would cost no more to serve persons in the community than it would in a skilled nursing facility.

The federal Centers for Medicare and Medicaid Services (CMS) has 90 days to approve the waiver or to ask questions, which “stops the clock.” CMS has not contacted DPHHS regarding the waiver. Theoretically, the waiver could be approved in early December, but that is doubtful. As DPHHS staff noted in testimony before the LFC, Colorado is the only state to operate a waiver similar to the DPHHS proposal, raising some uncertainty regarding timely federal approval.

Implementation of the HCBS waiver could help lower or stabilize the MSH population if a person could be served in the waiver in lieu of admission to or upon discharge from MSH. However, not all persons needing MSH care would be eligible for placement in the waiver, since persons must be Medicaid eligible and meet nursing home level of care standards.

APPROPRIATION TO CONTINUE THE HCBS WAIVER IS NOT IN THE EXECUTIVE BUDGET

DPHHS has not included a request to fund continuation of the HCBS waiver. The state match to start the waiver was appropriated from the health and Medicaid initiatives account. The biennial state match requirement to fund the waiver is estimated to be about \$2.7 million. The health and Medicaid initiatives account balance is estimated to be about \$44 million in FY 2009, which includes the DPHHS and State Auditor’s budget request.⁴

BULLDOG COMMITTEE REQUEST

The MSH Bulldog committee requests that the LFC ask staff to prepare and present a report on the health and Medicaid initiatives account at the November meeting.

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² Ed Amberg, Director, MSH, electronic communication to Joyce DeCunzo and other DPHHS staff, August 17, 2006.

³ Services provided under the waiver include: case management, homemaking, personal assistance, adult day health, habilitation, respite care, nutrition, non-medical transportation, occupational therapy, nursing, psycho-social, dietetic, adult residential specially trained attendant, chemical dependency, supported living, specialized medical equipment and support, illness management and recovery services, and Wellness Recovery Action Plan (WRAP) services.

⁴ The State Auditor’s Office administers two programs to help small employers insure workers. The health and Medicaid initiatives account fund balance estimate will be updated with legislative revenue estimates in November 2006.

